

# Lesson: Investing, part 1



**GRADE**  
9-12

In this lesson, students will learn key financial terms and some basics rules to help them manage their money.



## Subject(s)

BBI10/BBI20 - Introduction to business  
BBI10/BBI20 - Foundations for college mathematics  
GWL30 - Designing your own future  
GLS40/GLE40/GLE30 - Advanced learning strategies: skills for success after secondary school

## Suggested timing

70 minutes

## Financial literacy objectives

At the end of this lesson, students will:

- describe investment options;
- identify and select investments best suited for their future.

## Curriculum expectations

**Grades 9 and 10, Business Studies (2006)**  
Introduction to Business (BBI10/BBI20)

### Finance

- Demonstrate an understanding of effective investment practices.
- Gather and interpret information about investment alternatives (e.g., stocks, mutual funds, real estate, GICs, savings accounts), and compare the alternatives by considering the risk and the rate of return.

**Grades 11 and 12 Mathematics (2007)**  
Foundations for College Mathematics (MBF3C)

### Personal Finance

- Gather and interpret information about investment alternatives (e.g., stocks, mutual funds, real estate, GICs, savings accounts), and compare the alternatives by considering the risk and the rate of return.



**Curriculum expectations**

Grades 11 and 12 Guidance and Career Education (2006)  
Designing Your Own Future (GWL30)

**Personal Knowledge and Management Skills**

- Describe the range of individual differences in how people manage themselves in dealing with issues such as risk, stress, change, time, planning, and personal finance in various settings (e.g., school, workplace, community).

Advanced Learning Strategies: Skills for Success After Secondary School, (GLS40/GLE40/GLE30)

**Planning for Transition**

- Demonstrate an understanding of the personal financial skills that will be required for the future (e.g., budgeting, banking, saving, borrowing money).

**Assessment**

Collect: Appendix B

**What you need**

Basic rules of money management (Appendix A)  
Financial goals (Appendix B)

**Minds on****Class: discussion**

- Have you ever had a friend not pay you back when he/she borrowed money from you?
- How did you feel about your friend?
- Did it change the way you acted towards him/her?
- Would you lend to your friend again?
- Why would a bank want to know your credit score?
- Ability to pay back
- At what rate should they lend money to you?
- Shows like “Till Debt Do Us Part” and “Princess” demonstrate that many people simply ignore their debt. What are the consequences of just ignoring your debt?
- Students give give good and bad reasons for ignoring debt, e.g.,
  - have the money to do what you want now
  - becomes so large you can’t deal with it
  - prevents you from meeting your financial goals or having the lifestyle you want
- Distribute Basic rules of money management (Appendix A)
- Examine factors and tips for proper money management
- Goal is to keep money not just make it
- Emphasize rule of 72
- Setting SMART financial goals – student exercise (Appendix B)

**Context for Learning**

Bill Fold is a fictional character who is constantly getting himself into financial scrapes. Use the scenario below to provide students with a context for learning.

Bill is always running short of money while his co-worker who earns the same wage seems to have pay his bill no time, have no debt and still have money left over for fun and games. How can Bill take control of his financial situation?

**Action****Group: Dictionary game**

How to play the dictionary game:

1. Split everyone into character groups (or groups of 3-5). Pass out the worksheets (one per team, sample attached). Each team will need to create definitions for each word. The object is to create the most dictionary-sounding definitions, even if they don’t know what the word means. After about 5 or 6 minutes, collect all of the worksheets.
2. Read the first word aloud. Read, or show on document camera, all of the teams’ definitions for the word, including the correct word definition. Each team has to choose or vote which definition they believe is correct. (Interactive white boards or clickers work well.)

**Action  
(con't)**

3. If the team picks the right definition, they get 2 points. If a team's definition gets chosen by other teams, the team with the definition will get 1 point for every team they fool. Continue with the rest of the words. The team with the most points wins the game.

**Suggested terms**

Key aspects to personal finances (bold):

- **10% solution**
- **PYF (pay yourself first)**
- **(importance of) compound interest**
- **eliminate debt (before accumulating wealth)**
- **Diversification**
- **Risk**
- **Liquidity**
- **Return on Investment**

Go over examples of compound interest (example 1)

To illustrate diversification – use hockey pool example – why you would not choose all players from same team

**Game**

- Discuss those terms they knew well – where did they learn the information?
- Which terms are still confusing?
- According to a recent poll, most Canadians would give themselves high marks for understanding financial terms. Speculate if this is true – why do so many Canadians have issues with poor credit and inability to save money?

Take the time to interact with your class and allow them to showcase their knowledge of the unit.

**Group: Risk vs reward game (Optional)**

- See Risk vs reward game handout (Appendix C)
- The idea is to reinforce concepts of risk level. Those willing to risk a lot, those a little and the decision-making process

*Some resources for this unit are:*

*The Wealthy Barber – Dave Chilton*

*Millionaire Teacher – Andrew Hallman*



## Consolidation/ debrief

### Groups

- Debrief using the outline given for the activity done in class

### Discuss the following statement:

Investing, like life is about choices.

- The choices you make reveal who you are as an investor (investor profile).
- When you buy different investments, you are building an investment portfolio (asset allocation).
- A mix of different investments in your portfolio will help to reduce your investing risk (diversification).



## Basic rules of money management

It is essential to acquire the skills necessary to practice good money management in order to ensure that we meet our financial obligations and goals. By practicing the following basic rules of money management you can confidently control your personal finances and your future:

- Set short, mid and long-term financial goals.
- Create a realistic budget by knowing your income and tracking your expenses.
- Distinguish between needs and wants.
- Don't allow your expenses to exceed your income.
- Save 10 to 15% of your net income.
- Pay your bills on time.
- Use credit wisely by including debt payments into your monthly budget and pay the balance in full every month to avoid interest charges.
- Plan for periodic and major expenses such as tuition or purchasing a car.

Online banking, debit and credit cards are tools that allow you to more easily conduct your financial affairs. Spreadsheets, online calculators and financial apps are tools that can make it easier for you to track and manage your finances.

### Managing debt

1. Pay your bills on time. If you are unable to pay your bills as agreed, contact your creditors and explain your situation. Contact a local non-profit credit counselling service for unbiased professional advice.
2. Don't sign a credit contract until you have read it and understood it. If you don't understand it, ask questions until you are satisfied.
3. Never sign a blank sheet. Your signature is your promise to pay and a contract is a legal document. Know the implications.
4. Try to pay off any debt quickly. Avoid those prolonged low monthly payments and avoid having to refinance at high interest rates.
5. Deal with known, respected and established companies and make sure you understand the total cost of your purchases.
6. Avoid signing up for extra credit cards that you do not need.



# Setting financial goals

Decision making plays an important role in the financial planning process. We must make choices in order to maximize our ability to accomplish our goals with limited resources. Goals are accomplished by applying the ongoing, five-step financial planning process – Set SMART goals, analyze information, create a plan, implement plan and monitor and modify the plan.

**Goals are considered SMART when they are Specific, Measurable, Attainable, Realistic and Timeframe**

**Instruction:**

Write at least one short-term, one intermediate-term, and one long-term personal financial goal using the SMART model.

	SMART GOAL	STEPS	OBSTACLES/ ESTIMATED COSTS	TIMELINE
Short-term goal (<1 Year)				
Medium-term goal (1-3 Years)				
Long-term goal (>3 Years)				



## Risk vs. reward

Time required: 45 minutes

This game is designed to reinforce the concept of risk tolerance. Risk tolerance refers to the amount of risk that an investor feels comfortable with and can afford to take. The individual games (thumb wrestling/rock, paper, scissors/coin toss) have been selected for ease of set-up, familiarity and time to play. You may wish to demonstrate how each game is played before beginning the activity.

### Materials

- Fake \$100 bills - enough for each person to have 10 bills (any valuation is fine as long as you have the same amount for each student)
- Coins

### Before Play - read to class

Risk is the amount of uncertainty about the expected return on an investment, including the possibility that some or all of the investment may be lost. Today, we are going to examine your risk tolerance, the amount of risk you feel comfortable with and can afford to “invest”. You will be given \$1,000 in \$100 bills. Your Goal is to try to win as much money from your peers as possible in the allotted time by challenging them to one of three games:

- Thumb wrestling
- Rock, paper, scissors
- Coin toss

### Rules:

1. You can only challenge one player at time
2. The player issuing the challenge determines the game
3. You must accept any challenge
4. Sudden death, no two out of three
5. Challenger has to have a coin and is “heads” on the coin toss (this simply speeds up the game)
6. Students may not challenge a classmate two times in a row

### Pre-brief (Do before you start the game)

1. You have been given free money to use. How will you invest it? What will be your strategy?
2. Which investment strategy of the three will give you the best return and why?
3. Will you use the same challenge or change it up according to whom you challenge?
4. Take 2 minutes to determine how you will “invest” your money.



## Risk vs. reward

### Variation

- Create a safe zone where students can stand and not be challenged
- Before playing determine number in zone and length of time to stay

### Debrief (sample questions)

- Which method did you choose? Why did you choose it?
- Were you the challenger or challengee?
- Did you have a strategy before or during the activity?
- How does the activity relate to investments?
- Would this activity be different if you had 100 bills?
- Would your strategy have changed if you played with real money?
- How is the safe zone like a current chequing account?